



**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2020 AND 2019
(EXPRESSED IN CANADIAN DOLLARS)**

M3 METALS CORP.
CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2020
(EXPRESSED IN CANADIAN DOLLARS)

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
M3 Metals Corp.

Opinion

We have audited the accompanying consolidated financial statements of M3 Metals Corp. (the "Company"), which comprise the consolidated statements of financial position as at August 31, 2020 and 2019, and the consolidated statements of loss and comprehensive loss, cash flows, and changes in shareholders' equity for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at August 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that as at August 31, 2020, the Company has a deficit of \$40,197,521 and has incurred ongoing losses since inception. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.



We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Carmen Newnham.

“DAVIDSON & COMPANY LLP”

Vancouver, Canada

Chartered Professional Accountants

December 22, 2020

M3 METALS CORP.**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(EXPRESSED IN CANADIAN DOLLARS)**

	August 31, 2020	August 31, 2019
	\$	\$
ASSETS		
Current		
Cash	79,823	1,150,893
GST receivable	4,084	10,902
Due from related party (Note 8)	-	22,370
Prepaid expenses	17,175	166,813
Total current assets	101,082	1,350,978
Property and equipment (Note 3)	8,576	12,233
Exploration and evaluation properties (Notes 4 and 8)	3,054,140	2,305,889
TOTAL ASSETS	3,163,798	3,669,100
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Notes 5 and 8)	193,711	98,687
SHAREHOLDERS' EQUITY		
Share capital (Note 6)	41,580,751	40,573,831
Reserves (Note 7)	1,586,857	2,468,526
Deficit	(40,197,521)	(39,471,944)
TOTAL SHAREHOLDERS' EQUITY	2,970,087	3,570,413
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	3,163,798	3,669,100

NATURE AND CONTINUANCE OF OPERATIONS (Note 1)
COMMITMENTS (Note 12)
SUBSEQUENT EVENT (Note 14)

Approved and authorized by the Board on December 22, 2020.

On behalf of the Board:

/s/ "Kosta Tsoutsis"
Director

/s/ "Adrian Smith"
Director

The accompanying notes are an integral part of these consolidated financial statements.

M3 METALS CORP.**CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(EXPRESSED IN CANADIAN DOLLARS)**

	For the years ended August 31,	
	2020	2019
	\$	\$
Expenses		
Consulting fees (Note 8)	295,150	548,256
Depreciation (Note 3)	3,657	4,498
Investor relations	21,097	29,327
Marketing	229,979	-
Office and administration (Note 8)	106,746	121,712
Professional fees	57,979	64,812
Property investigation costs	-	18,924
Share-based compensation (Notes 7 and 8)	-	762,102
Travel and related	20,400	16,234
	(735,008)	(1,565,865)
Reversal of flow-through premium liability	-	187,681
Gain on forgiveness of accounts payable	-	26,905
Recovery (write-off) of exploration and evaluation properties (Note 4)	9,431	(1,205,533)
	9,431	(990,947)
Loss and comprehensive loss for the year	(725,577)	(2,556,812)
Basic and diluted loss per share	(0.02)	(0.15)
Weighted average number of common shares outstanding	30,213,093	16,795,260

The accompanying notes are an integral part of these consolidated financial statements.

M3 METALS CORP.**CONSOLIDATED STATEMENTS OF CASH FLOWS
(EXPRESSED IN CANADIAN DOLLARS)**

	For the years ended August 31,	
	2020	2019
	\$	\$
Cash flows from operating activities		
Loss for the year	(725,577)	(2,556,812)
Items not affecting cash:		
Depreciation	3,657	4,498
Share-based compensation	-	762,102
Write-off (recovery) of exploration and evaluation properties	(9,431)	1,205,533
Reversal of flow-through premium liability	-	(187,681)
Changes in non-cash working capital items:		
GST receivable	6,818	25,435
Due from related party	22,370	(22,370)
Prepaid expenses	149,638	(20,289)
Accounts payable and accrued liabilities	12,101	(252,255)
	(540,424)	(1,041,839)
Cash flows from investing activities		
Exploration and evaluation property expenditures	(648,396)	(719,992)
Acquisitions of property and equipment	-	(2,040)
	(648,396)	(722,032)
Cash flows from financing activities		
Proceeds from share issuances	-	1,900,000
Share issuance costs	-	(40,350)
Warrants exercised	117,750	-
	117,750	1,859,650
Net change in cash	(1,071,070)	95,779
Cash, beginning of the year	1,150,893	1,055,114
Cash, end of the year	79,823	1,150,893
Supplemental cash flow information		
Reclassification of warrants exercised	34,510	-
Reclassification of expired warrants	847,159	454,801
Reclassification of expired stock options	-	1,338,033
Shares issued for acquisition of exploration and evaluation assets	7,501	39,000
Exploration and evaluation assets in accounts payable and accrued liabilities	83,483	560
Value of warrants issued in private placement	-	831,301
Value of finders' warrants issued in private placement	-	27,965
Cash paid during the period for interest	-	-
Cash paid during the period for taxes	-	-

The accompanying notes are an integral part of these consolidated financial statements.

M3 METALS CORP.**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(EXPRESSED IN CANADIAN DOLLARS)**

	Number of Shares Issued #	Share Capital \$	Reserves \$	Deficit \$	Total Shareholders' Equity \$
Balance at August 31, 2018	10,742,273	39,079,646	2,639,992	(38,253,165)	3,466,473
Shares issued in private placement	19,000,000	1,068,699	831,301	-	1,900,000
Share issuance costs	-	(68,315)	27,965	-	(40,350)
Shares issued for exploration and evaluation assets	60,000	39,000	-	-	39,000
Stock options cancelled	-	-	(1,338,033)	1,338,033	-
Stock options granted	-	-	762,102	-	762,102
Warrants expired	-	454,801	(454,801)	-	-
Loss for the year	-	-	-	(2,556,812)	(2,556,812)
Balance at August 31, 2019	29,802,273	40,573,831	2,468,526	(39,471,944)	3,570,413
Shares issued for exploration and evaluation assets	60,000	7,501	-	-	7,501
Warrants exercised	785,000	152,260	(34,510)	-	117,750
Warrants expired	-	847,159	(847,159)	-	-
Loss for the year	-	-	-	(725,577)	(725,577)
Balance at August 31, 2020	30,647,273	41,580,751	1,586,857	(40,197,521)	2,970,087

The accompanying notes are an integral part of these consolidated financial statements.

M3 METALS CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2020 AND 2019
(EXPRESSED IN CANADIAN DOLLARS)

1. NATURE AND CONTINUANCE OF OPERATIONS

M3 Metals Corp. (the “Company”) was incorporated under the Canada Business Corporations Act (CBCA) on February 27, 2007 and is listed for trading on the TSX Venture Exchange (“TSX-V”) under the symbol V.MT. The Company’s business is to acquire, explore and develop interests in mineral properties located in North America.

The Company’s registered office is Suite 650 – 1188 West Georgia Street, Vancouver, BC, Canada, V6E 4A2. The Company maintains an executive office at Suite 2310 – 1177 West Hastings Street, Vancouver, BC, Canada, V6E 2K3.

The Company’s exploration and evaluation properties are at the exploration and evaluation stage and are without a known body of commercial ore. The business of exploring for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. Major expenses may be required to establish ore reserves, to develop metallurgical processes, to acquire construction and operating permits and to construct mining and processing facilities.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of operations of such properties, these procedures do not guarantee the Company’s title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, unregistered claims, aboriginal claims, and non-compliance with regulatory and environmental requirements. The Company’s assets may also be subject to increases in taxes and royalties, renegotiation of contracts, political uncertainty and currency exchange fluctuations and restrictions.

These consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. The Company has a deficit of \$40,197,521 and has incurred ongoing losses since inception. As at August 31, 2020, the Company had not advanced any of its properties to commercial production and is not able to finance day to day activities through operations. The Company’s continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. The Company may require additional financing for the upcoming fiscal year in order to maintain its operations and exploration activities. These material uncertainties may cast significant doubt on the Company’s ability to continue as a going concern.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, customers, economies, and financial markets globally, potentially leading to an economic downturn. It has also disrupted the normal operations of many businesses, including the Company’s. This outbreak could decrease spending, adversely affect and harm our business and results of operations. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business or results of operations at this time.

These consolidated financial statements were reviewed, approved and authorized for issue by the Board of Directors on December 22, 2020.

M3 METALS CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2020 AND 2019
(EXPRESSED IN CANADIAN DOLLARS)

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

The following is a summary of significant accounting policies used in the preparation of these consolidated financial statements.

Statement of compliance

These financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The accounting policies applied in preparation of these consolidated financial statements are consistent with those applied and disclosed in the Company's audited consolidated financial statements for the years ended August 31, 2019 and 2018, except for the following:

Leases

On September 1, 2019, the Company adopted IFRS 16 – Leases ("IFRS 16") which replaced IAS 17 – Leases and IFRIC 4 – Determining Whether an Arrangement Contains a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. The standard is effective for annual periods beginning on or after January 1, 2019. IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead, all leases are treated in a similar way to finance leases applied in IAS 17. IFRS 16 does not require a lessee to recognize assets and liabilities for short-term leases (i.e. leases of 12 months or less) and leases of low-value assets.

The following is the accounting policy for leases upon adoption of IFRS 16:

The Company adopted IFRS 16 effective September 1, 2019 using the modified retrospective method. Under this method, financial information will not be restated and will continue to be reported under the accounting standards in effect for those periods. The Company will recognize lease obligations related to its lease commitments for its office lease. It will be measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate as at September 1, 2019. The associated right of use asset will be measured at the lease obligation amount, less prepaid lease payments, resulting in no adjustment to the opening balance of retained earnings. The Company applied the following practical expedients permitted under the new standard:

- leases of low dollar value will continue to be expensed as incurred; and
- the Company will not apply any grandfathering practical expedients.

The Company has elected not to recognize the right-of-use assets and lease liabilities for short-term leases that have a lease term of twelve months or less.

There was no impact on the adoption of IFRS 16 on the Company's consolidated financial statements.

Basis of presentation

These consolidated financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The consolidated financial statements are presented in Canadian dollars unless otherwise noted.

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, ML Nevada Corp. All significant intercompany accounts and transactions between the Company and its subsidiary have been eliminated upon consolidation.

M3 METALS CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2020 AND 2019
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2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

Foreign currency translation

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of the Company and its subsidiary is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, The Effects of Changes in Foreign Exchange Rates.

Transactions in currencies other than Canadian dollars are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the period end exchange rate while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in comprehensive loss.

Use of estimates

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the year.

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

The most significant accounts that require estimates as the basis for determining the stated amounts include the recoverability of exploration and evaluation properties, valuation of share-based compensation, and recognition of deferred tax amounts.

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

Economic recoverability and probability of future economic benefits of exploration and evaluation properties

Management determined exploration, evaluation, and related costs incurred which are capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including, geologic and other technical information, a history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, the quality and capacity of existing infrastructure facilities, evaluation of permitting and environmental issues and local support for the project.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustments are as follows:

Valuation of share-based compensation

The Company uses the Black-Scholes Option Pricing Model for valuation of share-based compensation. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate, and forecasted dividend rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

Income taxes

In assessing the probability of realizing income tax assets, management makes estimates related to expectation of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

M3 METALS CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2020 AND 2019
(EXPRESSED IN CANADIAN DOLLARS)

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

Exploration and evaluation properties

Pre-exploration costs are expensed as incurred.

Costs directly related to the acquisition and exploration of exploration and evaluation properties are capitalized once the legal rights to explore the exploration and evaluation properties are acquired or obtained. When the technical and commercial viability of a mineral resource has been demonstrated and a development decision has been made, the capitalized costs of the related property are transferred to mining assets and depreciated using the units of production method on commencement of commercial production.

If it is determined that capitalized acquisition, exploration and evaluation costs are not recoverable, or the property is abandoned or management has determined an impairment in value, the property is written down to its recoverable amount. Exploration and evaluation properties are reviewed for impairment when facts and circumstances suggest that the carrying amount may exceed its recoverable amount.

Restoration and environmental obligations

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to exploration and evaluation properties along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The restoration asset will be depreciated on the same basis as the related assets.

The Company's estimates of restoration costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related asset with a corresponding entry to the restoration provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in amount and timing of the Company's estimates of reclamation costs, are charged to profit and loss for the period.

As at August 31, 2020 and 2019, there were no significant restoration and environmental obligations.

Share-based compensation

The Company operates an employee stock option plan. Share-based compensation to employees is measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based compensation to non-employees is measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to reserves. The fair value of options is determined using the Black–Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. On exercise of stock options, any amounts related to the initial value of the stock options, along with the proceeds from exercise are recorded to share capital. On expiration of stock options, the corresponding amounts related to the initial value of the stock options are transferred to deficit.

M3 METALS CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2020 AND 2019
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2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

Financial instruments

The following is the Company's accounting policy for financial instruments under IFRS 9:

Financial assets

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income/loss.

The classification determines the method by which the financial assets are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Receivables and due from related party are measured at amortized cost with subsequent impairments recognized in profit or loss and cash is classified as FVTPL.

Impairment

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial liabilities

Financial liabilities are designated as either: (i) fair value through profit or loss; or (ii) amortized cost. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the statements of financial position subsequent to inception and how changes in value are recorded. Accounts payable and accrued liabilities are classified as amortized cost and carried on the statements of financial position at amortized cost.

As at August 31, 2020, the Company does not have any derivative financial liabilities.

M3 METALS CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2020 AND 2019
(EXPRESSED IN CANADIAN DOLLARS)

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of comprehensive loss during the fiscal period in which they are incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in profit or loss.

Depreciation is calculated using a declining balance method to write off the cost of the assets. The depreciation rates applicable to each category of property and equipment are as follows:

Asset	Basis	%
Computer hardware	Declining balance	55%
Equipment	Declining balance	20%
Vehicles	Declining balance	30%

Unit offering

The Company accounts for unit offering financing using the relative fair value method. Under this method, the fair values of the shares and share purchase warrants are determined separately and prorated to the actual proceeds received. The fair value of shares is determined using the share price at the issue date. The fair value of share purchase warrants is measured using the Black-Scholes valuation model at the issue date.

Warrants

Finder's warrants are measured using the Black-Scholes valuation model at the issue date. The value of warrants are reclassified from reserves to share capital when exercised or expired.

Income taxes

Current income tax:

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the country where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2020 AND 2019
(EXPRESSED IN CANADIAN DOLLARS)

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

Income taxes (Continued)

Deferred income tax:

Deferred income tax is provided for, based on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Flow-through shares:

Canadian income tax legislation permits an enterprise to issue securities referred to as flow-through shares, whereby the investor can claim the tax deductions arising from the renunciation of the related resource expenditures. The Company accounts for flow-through shares whereby the premium paid, if any, for the flow-through shares in excess of the market value of the shares without flow-through features at the time of issue is credited to other liabilities and included in profit or loss on a pro-rata basis at the same time the qualifying expenditures are made.

Impairment of non-financial assets

The carrying amount of the Company's assets (which include property and equipment and exploration and evaluation properties) is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of comprehensive loss.

The recoverable amount of an asset is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years. Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

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2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

Basic and diluted loss per share

Basic loss per share is computed by dividing net loss available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted loss per share is computed similar to basic loss per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods. Potentially dilutive options and warrants excluded from diluted loss per share totalled 21,801,000 (2019 – 25,100,871).

Recent accounting pronouncements

Other recent accounting pronouncements issued by IFRS as issued by IASB and IFRIC did not, or are not believed by management to, have a material impact on the Company's present or future financial position, results of operations or cash flows.

3. PROPERTY AND EQUIPMENT

	Computer hardware \$	Equipment \$	Vehicles \$	Total \$
Cost:				
At August 31, 2018	29,462	24,740	101,524	155,726
Additions	2,040	-	-	2,040
At August 31, 2019 and 2020	31,502	24,740	101,524	157,766
Depreciation:				
At August 31, 2018	29,393	19,859	91,783	141,035
Charge for the year	600	976	2,922	4,498
At August 31, 2019	29,993	20,835	94,705	145,533
Charge for the year	831	781	2,045	3,657
At August 31, 2020	30,824	21,616	96,750	149,190
Net book value:				
At August 31, 2019	1,509	3,905	6,819	12,233
At August 31, 2020	678	3,124	4,774	8,576

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4. EXPLORATION AND EVALUATION PROPERTIES

	Schefferville \$	Pinnacle Reef \$	Aspen Gold \$	Stars \$	Palmetto \$	Mohave \$	Total \$
Balance, August 31, 2018	1	1,237,849	181,051	1,641,969	1	-	3,060,871
Property acquisition costs	-	-	-	79,000	-	-	79,000
<i>Exploration expenditures:</i>							
Drilling	-	-	-	480,599	-	-	480,599
Geological	-	-	-	38,030	-	-	38,030
	-	-	-	597,629	-	-	597,629
BC mineral exploration tax credit recoverable	-	(32,317)	(183)	(114,578)	-	-	(147,078)
Write-off of exploration and evaluation properties	-	(1,205,532)	-	-	(1)	-	(1,205,533)
Balance, August 31, 2019	1	-	180,868	2,125,020	-	-	2,305,889
Property acquisition costs	-	-	-	57,501	(9,431)	100,213	148,283
<i>Exploration expenditures:</i>							
Drilling	-	-	-	6,000	-	-	6,000
Geological	197,216	-	2,467	4,384	-	380,470	584,537
	197,216	-	2,467	67,885	(9,431)	480,683	738,820
Recovery of exploration and evaluation properties	-	-	-	-	9,431	-	9,431
Balance, August 31, 2020	197,217	-	183,335	2,192,905	-	480,683	3,054,140

Schefferville Properties

In 2011, the Company acquired a 100% interest in a number of properties. These properties are subject to certain royalty interests and NSRs.

The Pinnacle Reef Property

In July 2016, the Company entered into a mineral property option agreement with Pacific Empire Minerals Corp. whereby the Company was granted the option to acquire up to a 70% interest in the Pinnacle Reef Property located in central British Columbia.

In July 2019, the Company decided not to proceed with the acquisition and terminated the option agreement. As at August 31, 2019, the Company wrote-off the related costs it had incurred resulting in a write-off of \$1,205,533 being recognized.

Aspen Gold Property

In July 2016, the Company entered into an agreement (later amended in October 2016) with a company controlled by officer and directors to acquire a 90% interest in the Aspen Gold Property located in central British Columbia. The related party will retain a 10% interest in the property. Under the terms of the amended agreement, the purchase price for the interest was \$100,000 (paid).

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4. EXPLORATION AND EVALUATION PROPERTIES (CONTINUED)

Stars Property

In November 2017, the Company entered into two separate option agreements to acquire, by way of option, up to 80% of certain mining claims in the Omineca Mining Division located in north central British Columbia, approximately 40 kilometers south - southwest of Houston, BC (collectively, the “Stars Property”). The Company can earn a total of 80% interest in the Stars Property by fully exercising the options in the First Agreement and the Second Agreement as outlined below.

The first agreement (the “First Agreement”) is with Pacific Empire Minerals Corp., an arm’s length party which currently owns 50% of the Stars Property. Under the terms of the First Agreement, the Company has the option to earn up to a 30% interest in the Stars Property by completing the following:

	Cash payment (\$)		Common shares		Expenditures (\$)	
Upon TSX-V approval – June 5, 2018	(paid)	10,000	(issued)	10,000		-
On or before June 5, 2019	(paid)	20,000	(issued)	20,000	(incurred)	500,000 ¹
On or before June 5, 2020	(paid)	50,000	(issued)	30,000	(incurred)	1,000,000 ¹
On or before June 5, 2021		-		-		3,000,000
Total Requirement		80,000		60,000		4,500,000

¹ As at August 31, 2020, the Company had incurred \$2,122,982 in exploration expenditures.

The second agreement (the “Second Agreement”) (and subsequently amended in June 2020) is with Divitiae Resources Ltd., a non-arm’s-length party owned by Adrian Smith, P. Geo, a director of the Company, which currently owns 50% of the Stars Property. Under the terms of the Second Agreement, the Company has the option to earn up to an additional 50% interest in the Stars Property by completing the following:

	Cash payment (\$)		Common shares	
Upon TSX-V approval – June 5, 2018	(paid)	10,000	(issued)	20,000
On or before June 5, 2019	(paid)	20,000	(issued)	40,000
On or before June 5, 2020		-	(issued)	30,000
The earlier of: (i) on June 5, 2021; or (ii) the Company completing a financing for gross proceeds exceeding \$100,000		50,000		-
On or before June 5, 2021		50,000		100,000
Total Requirement		130,000		190,000

Palmetto Property

In October 2016, the Company entered into an option agreement to acquire a 100% right, title and interest to unpatented mining claims (the “Palmetto Project”) located in Nevada. As at August 31, 2018, the Company did not have any future exploration plan on the Palmetto Project. As a result, the Company wrote down the property to \$1. As at January 2, 2019, the Company terminated the option agreement in relation to the Palmetto Project and wrote-off the Palmetto Project. During the year ended August 31, 2020, the Company recorded a recovery of \$9,431 relating to a refund of claim maintenance fees.

Mohave Property

On September 21, 2019, the Company entered into an option agreements with DDS Resources LLC and Mohave Mine Partnership LLC (collectively, “Optionors”) to acquire, by way of option, up to 100% of certain mining claims in the Weaver mining district, Mohave County, Arizona, USA (collectively, the “Mohave Mine Gold Property”).

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4. EXPLORATION AND EVALUATION PROPERTIES (CONTINUED)**Mohave Property (continued)**

Under the terms of the agreement, the Company has the option to earn up to a 100% interest in the Mohave Mine Gold Property by completing the following:

	Cash payment (US\$)		Expenditures (US\$)	
Within ten days of execution of the agreement*	(paid)	50,000	-	-
On or before the Payment Commencement Date**	-	-	(incurred)	50,000
On or before 10 days after the Payment Commencement Date**	-	75,000	-	-
On or before the first anniversary of the Payment Commencement Date**	-	-	(incurred)	200,000
On or before 10 days after the first anniversary of the Payment Commencement Date**	-	100,000	-	-
On or before the second anniversary of the Payment Commencement Date**	-	-	-	300,000
On or before 10 days after the second anniversary of the Payment Commencement Date**	-	150,000	-	-
On or before the third anniversary of the Payment Commencement Date**	-	-	-	350,000
On or before 10 days after the third anniversary of the Payment Commencement Date**	-	200,000	-	-
On or before the fourth anniversary of the Payment Commencement Date**	-	-	-	400,000
On or before 10 days after the fourth anniversary of the Payment Commencement Date**	-	3,000,000	-	-
Total Requirement		3,575,000		1,300,000

*The Company was also required, under the terms of the agreement, to pay the BLM claim maintenance fees (paid) for the period September 1, 2019 to August 31, 2020.

** Payment Commencement Date shall commence on the earlier of: (i) the date the Company has received all required governmental permits to carry out its initial exploration program on the Mohave Mine Gold Property; (ii) eighteen months after September 21, 2019 provided that it cannot be less than twelve months.

Upon the completion of all payments, the Company will grant a 1.5% net smelter royalty to the Optionors.

In July 2020, the Company entered into a definitive mineral property option agreement ("Mohave Definitive Agreement") with Huffington Capital Corp. ("HCC"). Under the Mohave Definitive Agreement, HCC can earn up to a 90% interest in the Mohave Mine Gold Property for a total consideration of \$6,100,000 in cash (\$300,000 paid subsequently), of which \$5,000,000 can be paid in cash or in value of shares to the Company, and an aggregate of \$3,000,000 in exploration expenditures on the Mohave Mine Gold Property. HCC is also responsible to keep the underlying agreement between DDS Resources LLC and the Company in good standing by making the necessary cash payments and completing exploration expenditures requirements.

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5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	August 31, 2020	August 31, 2019
	\$	\$
Accounts payable	102,661	7,637
Accrued liabilities	91,050	91,050
	193,711	98,687

6. SHARE CAPITAL

Authorized share capital

Unlimited common shares without par value.

Issued share capital

During the year ended August 31, 2020:

In June 2020, the Company issued 60,000 common shares in connection to the property option agreements for the Stars Property valued at \$7,501 (Note 4).

The Company issued 785,000 common shares in connection with the exercise of 785,000 warrants with an exercise price of \$0.15 for total proceeds of \$117,750 (Note 7).

During the year ended August 31, 2019:

In May 2019, the Company completed a private placement for gross proceeds of \$1,900,000 which consisted of the issuance of 19,000,000 units at a price of \$0.10 per unit. Each unit comprised of one common share of the Company and one full, non-transferable warrant, which is exercisable into one common share at a price of \$0.15 for a period of two years. The warrants were valued at \$831,301 or \$0.04 per warrant using the relative fair value method and the Black-Scholes pricing model with the following assumptions: estimated life of two years, risk-free rate of 1.53%, volatility of 170%, and nil forecasted dividend yield. Finder's fees totaling \$30,100 cash and 616,000 finder's warrants were paid and issued in connection with the private placement financing. Each finder's warrant entitles the holder to purchase one common share of the Company exercisable at a price of \$0.15, for a period of two years from closing. The finder's warrants were valued at an aggregate of \$27,965 or \$0.05 per warrant using the Black-Scholes pricing model with the following assumptions: estimated life of two years, risk-free rate of 1.53%, volatility of 170%, and nil forecasted dividend yield.

In June 2019, the Company issued 60,000 common shares in connection to the property option agreements for the Stars Property valued at \$39,000 (Note 4).

7. RESERVES

Stock options

The Company has a stock option plan ("the Plan") whereby it can grant options to directors, officers, employees, and technical consultants of the Company. The maximum number of shares that may be reserved for issuance under the Plan is limited to 10% of the issued common shares of the Company. Vesting and term of the option is determined by the board of directors in accordance with the Plan and the policies of the TSX-V.

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7. RESERVES (CONTINUED)**Stock options (Continued)**

On May 13, 2019, the Company granted 2,970,000 stock options to certain officers, directors and consultants of the Company for a term of five years exercisable at a price of \$0.17 per option valued at \$762,102 or \$0.26 per option estimated using the Black-Scholes pricing model with the following assumptions: estimated life of five years, risk free interest rate of 1.46%, volatility of 213%, and nil forecasted dividend yield. All options vested immediately on grant.

During the year ended August 31, 2019, the Company cancelled 1,052,000 stock options. As a result, the Company transferred \$1,338,033 representing the fair value of the cancelled share options from reserves to deficit.

A summary of stock option activities is as follows:

	Number of options #	Weighted average exercise price \$
Balance, August 31, 2018	1,052,000	1.26
Cancelled	(1,052,000)	1.26
Granted	2,970,000	0.17
Balance, August 31, 2019 and 2020	2,970,000	0.17

A summary of the stock options outstanding and exercisable at August 31, 2020 is as follows:

Exercise Price \$	Number Outstanding and Exercisable	Expiry Date
0.17	2,970,000	May 13, 2024

The weighted average life of the outstanding stock options is 3.70 years.

Warrants

During the year ended August 31, 2020, the Company issued 785,000 common shares in connection with the exercise of 785,000 warrants with an exercise price of \$0.15 for total proceeds of \$117,750. As a result, the Company transferred \$34,510 representing the fair value of the exercised warrants from reserves to share capital (Note 6). In addition, 2,514,871 warrants expired and, as a result, reclassified \$847,159 from reserves to share capital.

A summary of share purchase warrant activities is as follows:

	Number of warrants	Weighted average exercise price \$
Balance, August 31, 2018	3,163,621	1.49
Expired	(648,750)	2.00
Issued	19,616,000	0.15
Balance, August 31, 2019	22,130,871	0.29
Exercised	(785,000)	0.15
Expired	(2,514,871)	1.35
Balance, August 31, 2020	18,831,000	0.15

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7. RESERVES (CONTINUED)

Warrants (Continued)

A summary of the warrants outstanding and exercisable at August 31, 2020 is as follows:

Exercise Price \$	Number Outstanding	Expiry Date
0.15	18,831,000	May 13, 2021

The weighted average life of the outstanding warrants is 0.70 years.

8. RELATED PARTY TRANSACTIONS

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including directors (executive and non-executive) of the Company. As at August 31, 2020, the Company has \$47,470 (August 31, 2019 - \$1,507) included in accounts payable and accrued liabilities due to officers, directors and companies controlled by officers and directors. In addition, \$nil (August 31, 2019 - \$22,370) was included in due from related party owing from a company related by virtue of a common officer and a common director for reimbursement of expenses.

Summary of key management personnel compensation:

	For the years ended August 31,	
	2020	2019
	\$	\$
Consulting fees	292,150	326,000
Share-based compensation	-	499,087
	292,150	825,087

In addition, the following amounts were incurred with respect to officers, directors and companies controlled by officers and directors:

	For the years ended August 31,	
	2020	2019
	\$	\$
Exploration and evaluation property expenditures	18,837	354,603
Rent	30,000	34,500
	48,837	389,103

9. CAPITAL MANAGEMENT

The Company considers its capital structure to include the components of shareholders' equity. Management's objective is to ensure that there is sufficient capital to minimize liquidity risk and to continue as a going concern. As the Company's properties are in the exploration and evaluation stage, the Company is currently unable to self-finance its operations. Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that the Company will be able to obtain adequate financing in the future, or that the terms of such financings will be favorable.

The Company's share capital is not subject to any external restrictions. The Company did not change its approach to capital management during the year ended August 31, 2020.

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10. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The Company's financial instruments consist of cash, GST receivable, due from related party and accounts payable and accrued liabilities. The fair value of these financial instruments, other than cash, approximates their carrying values due to the short-term nature of these instruments. Cash is measured at fair value using level 1 inputs.

The Company is exposed to a variety of financial risks by virtue of its activities including currency, credit, interest rate, liquidity and commodity price risk.

a) **Currency risk**

The Company conducts exploration and evaluation activities in the United States. As such, it is subject to risk due to fluctuations in the exchange rates for the Canadian and US dollars. As at August 31, 2020, the Company had a foreign currency net monetary asset position of approximately US\$61,089. Each 10% change in the US dollar relative to the Canadian dollar will result in a foreign exchange gain/loss of approximately \$6,200.

b) **Credit risk**

Credit risk is risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's cash is held in large Canadian financial institutions and GST receivable is due from the Government of Canada. The Company's financial instrument related to the GST receivable is not exposed to significant credit risk.

c) **Interest rate risk**

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to limited interest rate risk as it holds cash majority.

d) **Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its obligations as they come due. The Company's ability to continue as a going concern is dependent on management's ability to raise the required capital through future equity or debt issuances. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning, and approval of significant expenditures and commitments.

e) **Commodity price risk**

The ability of the Company to explore and evaluate its exploration and evaluation properties and the future profitability of the Company are directly related to the price of gold. The Company monitors iron and gold prices to determine the appropriate course of action to be taken.

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11. SEGMENTED INFORMATION

The Company has one operating segment, being the acquisition and exploration of exploration and evaluation assets. Geographic information is as follows:

	As at August 31, 2020		
	Canada \$	US \$	Total \$
Property and equipment	8,576	-	8,576
Exploration and evaluation properties	2,573,457	480,683	3,054,140
	2,582,033	480,683	3,062,716

	As at August 31, 2019		
	Canada \$	US \$	Total \$
Property and equipment	12,233	-	12,233
Exploration and evaluation properties	2,305,889	-	2,305,889
	2,318,122	-	2,318,122

12. COMMITMENTS

On May 1, 2019, the Company entered into a consulting agreement with the CFO and director of the Company. The agreement requires monthly payments of \$3,000 for a period of 60 months. Included in the agreement is a provision for a one year payout in the event of termination without cause.

On May 1, 2019, the Company entered into a management agreement with the President and director of the Company. The agreement requires monthly payments of \$10,000 for a period of 60 months. Included in the agreement is a provision for a one year payout in the event of termination without cause.

On May 1, 2019, the Company entered into a consulting agreement with the CEO and director of the Company. The agreement requires monthly payments of \$10,000 for a period of 60 months. Included in the agreement is a provision for a one year payout in the event of termination without cause.

13. INCOME TAX

The reconciliation of the combined Canadian federal and provincial income tax rate to the income tax recovery presented in the accompanying statements of comprehensive loss is provided below:

	For the year ended August 31,	
	2020	2019
	\$	\$
Loss before income taxes	(725,577)	(2,556,812)
Expected income tax (recovery)	(196,000)	(690,000)
Change in statutory, foreign tax, foreign exchange rates and other	2,000	3,000
Permanent difference	-	157,000
Impact of flow through share	-	181,000
Share issue cost	-	(11,000)
Adjustment to prior years provision versus statutory tax returns	15,000	1,000
Change in unrecognized deductible temporary differences	179,000	359,000
Total deferred taxes	-	-

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13. INCOME TAX (CONTINUED)

Significant components of unrecognized temporary differences and unused tax losses that have not been included on the consolidated statements of financial position are as follows:

	As of August 31,			
	2020	Expiry dates	2019	Expiry dates
	\$		\$	
Exploration and evaluation properties	18,009,000	No Expiry	18,071,000	No Expiry
Investment tax credit	1,093,000	2032 to 2033	1,093,000	2032 to 2033
Property and equipment	286,000	No Expiry	283,000	No Expiry
Share issuance costs	66,000	2040 to 2043	102,000	2039 to 2042
Non-capital losses				
Canada	13,542,000	2031 to 2040	12,790,000	2031 to 2039
USA	47,000	No Expiry	38,000	No Expiry

Tax attributes are subject to review, and potential adjustment, by tax authorities.

14. SUBSEQUENT EVENT

In September 2020, the Company entered into a mineral property option agreement ("Aspen Option Agreement") with Big Rock Resources Inc. ("Big Rock"). Under the Aspen Option Agreement, Big Rock was granted the option for a period of ninety days to acquire a 100% right, title and interest in and to the Company's Aspen Property in exchange for the payment to the Company of \$100,000 and the issuance to the Company of 3,000,000 of Big Rock's common shares.

In addition, Big Rock subsequently entered into a share exchange agreement (the "Share Exchange Agreement") with Cyon Exploration Ltd. ("Cyon"), a TSX-V company. Under the terms of the Share Exchange Agreement, Cyon will issue a total of 6,000,000 of its common shares to the shareholders of Big Rock in exchange for those shareholders' Big Rock shares. Upon exercise of the Option Agreement and assuming closing of the Share Exchange Agreement, the Company will exchange its 3,000,000 common shares of Big Rock for 3,000,000 common shares of Cyon (received subsequent to year end). Both the Aspen Option Agreement and the Share Exchange Agreement were negotiated at arm's length and were not entered into by related parties.